



## **Agricultural Marketing Service**

### **7 CFR Part 915**

**[Doc. No. AMS-SC-22-0004; SC22-915-1 PR]**

#### **Avocados Grown in South Florida; Increased Assessment Rate**

**AGENCY:** Agricultural Marketing Service, USDA.

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would implement a recommendation from the Avocado Administrative Committee to increase the assessment rate established for the 2022-23 and subsequent fiscal years. The assessment rate would remain in effect indefinitely unless modified, suspended, or terminated.

**DATES:** Comments must be received by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Interested persons are invited to submit written comments concerning this proposed rule. Comments must be submitted to the Docket Clerk electronically by Email: [MarketingOrderComment@usda.gov](mailto:MarketingOrderComment@usda.gov) or Internet: <https://www.regulations.gov>. Comments should reference the document number and the date and page number of this issue of the **Federal Register** and can be viewed at: <https://www.regulations.gov>. All comments submitted in response to this proposed rule will be included in the record and will be made available to the public. Please be advised that the identity of the individuals or entities submitting the comments will be made public on the internet at the address provided above.

**FOR FURTHER INFORMATION CONTACT:** Abigail Campos, Marketing Specialist, or Christian D. Nissen, Regional Director, Southeast Region Branch, Market Development Division, Specialty Crops Program, AMS, USDA; Telephone: (863) 324-

3375, Fax: (863) 291-8614, or E-mail: Abigail.Campos@usda.gov or

Christian.Nissen@usda.gov.

Small businesses may request information on complying with this regulation by contacting Richard Lower, Market Development Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250-0237; Telephone: (202) 720-2491, or E-mail: Richard.Lower@usda.gov.

**SUPPLEMENTARY INFORMATION:** This action, pursuant to 5 U.S.C. 553, proposes to amend regulations issued to carry out a marketing order as defined in 7 CFR 900.2(j). This proposed rule is issued under Marketing Agreement No. 121 and Marketing Order No. 915, both as amended (7 CFR part 915), regulating the handling of avocados grown in south Florida. Part 915, (referred to as “the Order”) is effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), hereinafter referred to as the “Act.” The Avocado Administrative Committee (Committee) locally administers the Order and is comprised of growers and handlers operating within the area of production, and a public member.

The Agricultural Marketing Service (AMS) is issuing this proposed rule in conformance with Executive Orders 12866 and 13563. Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review.

This proposed rule has been reviewed under Executive Order 13175 – Consultation and Coordination with Indian Tribal Governments, which requires agencies

to consider whether their rulemaking actions would have tribal implications. AMS has determined that this proposed rule is unlikely to have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. Under the Order now in effect, Florida avocado handlers are subject to assessments. Funds to administer the Order are derived from such assessments. It is intended that the assessment rate as proposed herein would be applicable to all assessable Florida avocados for the 2022-23 fiscal year, and continue until amended, suspended, or terminated.

The Act provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may file with the United States Department of Agriculture (USDA) a petition stating that the order, any provision of the order, or any obligation imposed in connection with the order is not in accordance with law and request a modification of the order or to be exempted therefrom. Such handler is afforded the opportunity for a hearing on the petition. After the hearing, USDA would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has his or her principal place of business, has jurisdiction to review USDA's ruling on the petition, provided an action is filed no later than 20 days after the date of the entry of the ruling.

This proposed rule would increase the assessment rate established for the 2022-23 and subsequent fiscal years from \$0.45 to \$0.50 per 55-pound container or equivalent of avocados.

The Order authorizes the Committee, with the approval of AMS, to formulate an annual budget of expenses and collect assessments from handlers to administer the program. The members of the Committee are familiar with the Committee's needs and with the costs for goods and services in their local area and are able to formulate an appropriate budget and assessment rate. The assessment rate is formulated and discussed in a public meeting, and all directly affected persons have an opportunity to participate and provide input.

For the 2021-22 and subsequent fiscal years, the Committee recommended, and AMS approved, an assessment rate that would continue in effect from fiscal year to fiscal year unless modified, suspended, or terminated by AMS upon recommendation and information submitted by the Committee or other information available to AMS.

The Committee met on January 12, 2022, and recommended 2022-23 expenditures of \$268,484 and an assessment rate of \$0.50 per 55-pound container or equivalent of avocados. In comparison, last year's budgeted expenditures were \$348,484. The assessment rate of \$0.50 is \$0.05 higher than the rate currently in effect. The Committee discussed the need to increase the assessment rate based on the 2022-23 crop estimate of 500,000 55-pound containers, a decrease from 800,000 from the previous year. At the current assessment rate, assessment income would equal only \$225,000, an amount insufficient to cover the Committee's anticipated expenditures of \$268,484. By increasing the assessment rate by \$0.05, assessment income would be \$250,000, which would reduce the amount of funds needed from the Committee's authorized reserve to cover the 2022-23 budgeted expenses. This amount, along with interest income, and funds from the reserve, should provide sufficient funds to meet 2022-23 anticipated expenses.

Major expenditures recommended by the Committee for the 2022-23 year include \$116,164 for salaries, \$53,350 for employee benefits, and \$26,500 for office rent and

supplies. Budgeted expenses for these items in 2021-22 were \$116,164, \$53,350, and \$26,500 respectively.

The assessment rate recommended by the Committee was derived by reviewing anticipated expenses, expected shipments of Florida avocados, and the level of funds in reserve. Avocado shipments for the year are estimated at 500,000 55-pound containers, which should provide \$250,000 in assessment income (500,000 containers x \$0.50). Income derived from handler assessments at the proposed rate, along with interest income, and funds from the Committee's authorized reserve, should be adequate to cover budgeted expenses. Funds in the reserve (currently about \$230,000) are expected to be kept within the maximum permitted by the Order (approximately three fiscal years' expenses as authorized in § 915.42).

The proposed assessment rate would continue in effect indefinitely unless modified, suspended, or terminated by AMS upon recommendation and information submitted by the Committee or other available information.

Although this assessment rate would be in effect for an indefinite period, the Committee would continue to meet prior to or during each fiscal year to recommend a budget of expenses and consider recommendations for modification of the assessment rate. Dates and times of Committee meetings are available from the Committee or AMS. Committee meetings are open to the public and interested persons may express their views at these meetings. AMS evaluates Committee recommendations and other available information to determine whether modification of the assessment rate is needed. Further rulemaking would be undertaken as necessary. The Committee's 2022-23 budget and those for subsequent fiscal years would be reviewed and, as appropriate, approved by AMS.

### **Initial Regulatory Flexibility Analysis**

Pursuant to requirements set forth in the Regulatory Flexibility Act (RFA) (5 U.S.C. 601-612), AMS has considered the economic impact of this proposed rule on small entities. Accordingly, AMS has prepared this initial regulatory flexibility analysis.

The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions in order that small businesses will not be unduly or disproportionately burdened. Marketing orders issued pursuant to the Act, and the rules issued thereunder, are unique in that they are brought about through group action of essentially small entities acting on their own behalf.

There are 315 growers of Florida avocados in the production area and 24 handlers subject to regulation under the Order. Small agricultural growers are defined by the Small Business Administration (SBA) as those having annual receipts less than \$1,000,000, and small agricultural service firms are defined as those whose annual receipts are less than \$30,000,000 (13 CFR 121.201).

According to the National Agricultural Statistical Service, the average grower price paid for Florida avocados during the 2020-21 season was \$21.97 per 55-pound container. Utilized production was equivalent to 624,364 55-pound containers for a total value of over \$13,717,277 (\$21.97 multiplied by 624,364 55-pound containers equals \$13,717,277). Dividing the crop value by the estimated number of growers yields an estimated average receipt per grower of \$43,547 (\$13,717,277 divided by 315), so the majority of growers would have annual receipts of less than \$1,000,000.

AMS Market News reported April 2021 terminal market prices for green skinned avocados were about \$83.60 per 55-pound container. Using this price and the total utilization, the total 2020-21 handler crop value is estimated at \$52.2 million (\$83.60 multiplied by 624,364 55-pound containers equals \$52.2 million). Dividing this figure by the number of handlers yields an estimated average annual handler receipt of \$2.18 million (\$52.2 million divided by 24), which is below the SBA threshold for small

agricultural service firms. Thus, the majority of Florida avocado growers and handlers may be classified as small entities.

This proposal would increase the assessment rate collected from handlers for the 2022-23 and subsequent fiscal years from \$0.45 to \$0.50 per 55-pound container or equivalent of avocados. The Committee recommended 2022-23 expenditures of \$268,484 and an assessment rate of \$0.50 per 55-pound container or equivalent of avocados. The proposed assessment rate of \$0.50 is \$0.05 higher than the previous rate. The quantity of assessable avocados for the 2022-23 season is estimated at 500,000 55-pound containers. Thus, the \$0.50 rate should provide \$250,000 in assessment income. Income derived from handler assessments, along with interest income, and funds from the Committee's authorized reserve, would be adequate to cover budgeted expenses.

Major expenditures recommended by the Committee for the 2022-23 fiscal year include \$116,164 for salaries, \$53,350 for employee benefits, and \$26,500 for office rent and supplies. Budgeted expenses for these items in 2021-22 were \$116,164, \$53,350, and \$26,500, respectively.

The Committee recommended increasing the assessment based on the 2022-23 crop estimate of 500,000 55-pound containers, which is a decrease from the 800,000 55-pound containers estimated for the previous year. At the current assessment rate, assessment income would equal \$225,000, an amount insufficient to cover the Committee's anticipated expenditures of \$268,484. By increasing the assessment rate by \$0.05, assessment income would be \$250,000, which would reduce the amount of funds needed from reserves. This amount, along with interest income, and funds from reserve, should provide sufficient funds to meet 2022-23 anticipated expenses.

Prior to arriving at this budget and assessment rate, the Committee considered maintaining the current assessment rate of \$0.45. The Committee ultimately determined that leaving the assessment unchanged would not generate sufficient revenue to meet the

Committee's 2022-23 expenditures of \$268,484. Therefore, the Committee rejected the idea of maintaining the current assessment rate.

A review of historical information and preliminary information pertaining to the upcoming season indicates that the grower price for the 2022-23 season should be around \$22.50 per 55-pound container or equivalent of avocados. The proposed assessment rate of \$0.50 per 55-pound container or equivalent of avocados represents 2.2 percent of the \$22.50 estimated average grower price ( $\$0.50 \text{ divided by } \$22.50 \times 100$ ).

This action would increase the assessment obligation imposed on handlers. While assessments impose additional costs on handlers, the costs are minimal and uniform on all handlers, and some of the costs may be passed on to growers. However, these costs are expected to be offset by the benefits derived by the operation of the Order.

The Committee's meeting was widely publicized throughout the Florida avocado industry and all interested persons were invited to attend the meeting and participate in Committee deliberations on all issues. Like all Committee meetings, the January 12, 2022, meeting was a public meeting and all entities, both large and small, were able to express views on this issue. Finally, interested persons are invited to submit comments on this proposed rule, including the regulatory and informational impacts of this action on small businesses.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), the Order's information collection requirements have been previously approved by OMB and assigned OMB No. 0581-0189 Fruit Crops. No changes in those requirements would be necessary as a result of this proposed rule. Should any changes become necessary, they would be submitted to OMB for approval.

This proposed rule would not impose any additional reporting or recordkeeping requirements on either small or large Florida avocado handlers. As with all Federal

marketing order programs, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies.

AMS is committed to complying with the E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

AMS has not identified any relevant Federal rules that duplicate, overlap, or conflict with this proposed rule.

A small business guide on complying with fruit, vegetable, and specialty crop marketing agreements and orders may be viewed at: <https://www.ams.usda.gov/rules-regulations/moa/small-businesses>. Any questions about the compliance guide should be sent to Richard Lower at the previously mentioned address in the **FOR FURTHER INFORMATION CONTACT** section.

A 30-day comment period is provided to allow interested persons to respond to this proposed rule. All written comments timely received will be considered before a final determination is made on this matter.

#### **List of Subjects in 7 CFR Part 915**

Avocados, Marketing agreements, Reporting and recordkeeping requirements.

For the reasons set forth in the preamble, the Agricultural Marketing Service proposes to amend 7 CFR part 915 as follows:

#### **PART 915 - AVOCADOS GROWN IN SOUTH FLORIDA**

1. The authority citation for part 915 continues to read as follows:

**Authority:** 7 U.S.C. 601-674.

2. Section 915.235 is revised to read as follows:

#### **§ 915.235 Assessment rate.**

On and after April 1, 2022, an assessment rate of \$0.50 per 55-pound container or equivalent is established for avocados grown in South Florida.

**Erin Morris,**

*Associate Administrator,*

*Agricultural Marketing Service.*

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